



Agenda Date: 2/22/06  
Agenda Item: 2C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

**ENERGY**

IN THE MATTER OF PUBLIC SERVICE ELECTRIC  
AND GAS COMPANY'S REQUEST FOR  
CHANGES TO ITS TARIFF FOR GAS SERVICE  
B.P.U. NO. 13 GAS WHICH DO NOT PROPOSE  
INCREASE IN CHARGES TO CUSTOMERS  
PURSUANT TO N.J.A.C. 14:1-5.11

ORDER ADOPTING FOR  
JOINT POSITION

) DOCKET NO. GT04101099

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>

On October 1, 2004, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval for several proposed modifications to the Third Party Supplier ("TPS") requirements section of its Tariff for Gas Service, B.P.U. N.J. No. 13 Gas governing delivery services for gas customers in its gas service territory who purchase their gas commodity from a TPS. Amerada Hess Corporation ("Hess"), a TPS, contacted PSE&G requesting certain of these proposed changes to PSE&G's tariff.

**BACKGROUND**

PSE&G provides delivery services for gas customers in its gas service territory, whether they purchase their natural gas commodity supplies from a TPS or from PSE&G through its Basic Gas Supply Service ("BGSS"). The requirements controlling the delivery of natural gas that is supplied through a TPS are contained in the Company's Third Party Supplier requirements section of its Tariff for Gas Service, B.P.U. N.J. No. 13 Gas. The TPSs purchase and transport

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<sup>1</sup> Commissioner Christine V. Bator recused herself pending the resolution of questions related to a potential conflict of interest..

natural gas to interconnection points with PSE&G's distribution system. At these points, the Company receives the TPS' gas supply and then the Company physically transports and delivers it, on a firm basis, to the customers pursuant to transportation provisions under rate schedules RSG, SLG, GSG, LVG or TSG-F, and on an interruptible basis to customers pursuant to rate schedule TSG-NF. According to PSE&G's TPS tariff requirements, a TPS must deliver to PSE&G on each day of the month, the aggregate daily contract quantity ("ADCQ") as provided by the TPS pursuant to Section 2.1 for RSG, SLG, GSG and LVG customers and/or the daily usage of its TSG-F and TSG-NF customer, adjusted for losses.

#### PROPOSED TARIFF SHEET MODIFICATIONS:

By First Revised Sheet No. 93 section 2.3 Nominations, PSE&G proposes to extend the deadline for nominations. PSE&G proposes to extend by one hour, from 1:30 p.m. to 2:30 p.m. Eastern Standard Time ("EST") prior to the day the gas is scheduled to flow, the time by which a TPS must make nominations to the Company, the total volume of gas it intends to deliver to PSE&G. Currently, this section of the Company's tariff requires a TPS to make this nomination along with the names of the interstate pipelines it intends to utilize for that delivery by 1:30 pm. PSE&G states that the purpose of the change is to provide TPSs with an additional hour to check the accuracy of their nominations and thus minimize errors.

With regard to daily cash out provisions for Transportation Service Gas ("TSG") Customers for the winter period, November through March, the Company proposes to modify First Revised Sheet No. 95-Section 2.6.1 –Underdeliveries. PSE&G proposes to increase the underdelivery tolerance for total daily gas usage for TPS' TSG-Firm ("F") and TSG-Non Firm ("NF") customers during the winter period (November through March) from 10% to 20%. Currently, if on any day the TPS delivers an amount less than ninety percent of the sum of their customer's daily usage, the TPS will be sold gas by PSE&G for 2 times the daily price index for underdeliveries below that 90%. PSE&G proposes to reduce that 90% to 80%.

The Company further proposes to modify First Revised Sheets 96 and 97-section 2.6.3 –Overdeliveries, with regard to monthly cash out provisions for TSG customers year round. PSE&G proposes to reduce the amount at which it purchases overdeliveries from TPSs. Currently under this section, if at the end of any month a TPS' total delivery exceeds its TSG customers' usage, PSE&G shall purchase the therms that are in excess of the TPS's TSG customers usage at a rate per therm equal to 90% of the monthly average of the daily postings published in Gas Daily on the table "Daily Price Survey", for delivery to Transco Zone 6. PSE&G proposes to reduce this rate to 80% of the said index and, in consideration for the lower rate, to exclude days on which customers were interrupted, from the calculation of that monthly average.

Currently, if at the end of any month the TPS's total deliveries are less than the TSG customers usage, the TPS will purchase from PSE&G all therms required to bring the TPS's customers account into balance at a rate which is equal to 11% of the monthly average of the daily postings published in Gas Daily on the table, "Daily price Survey," for delivery in Transco Zone 6. The Company proposes to reduce the price at which the TPS purchases gas from 110% to 100% of the monthly average of the daily postings published in Gas Daily on the table, "Daily Price Survey" for delivery in Transco Zone 6. In addition, the daily posted price on days in which TSG-NF customers were interrupted will be excluded from the calculation of that monthly average.

The Board Staff ("Staff"), the Division of the Ratepayer Advocate ("RPA"), PSE&G and Hess had extensive discussions on the proposed changes. During this period, PSE&G filed a gas base rate case, Docket No. GR015100845, in which it has requested various tariff changes including changes to its TPS requirements tariffs. The RPA stated its intention to review all of PSE&G's proposals in the context of the aforementioned gas rate case. Staff and the other parties however, commenced discussions with regard to entering a Joint Position on the requested change to Tariff Sheet No. 93, Section 2.3 Nominations. Thus, on January 5, 2006, the Company, Hess and Staff executed a Joint Position agreeing to change the time by which a TPS is required to nominate to PSE&G the total volume of gas that it intends to deliver to the Company along with the names of the interstate pipelines and the contract numbers it intends to utilize for that delivery by one hour, from 1:30 p.m. to 2:30 p.m. Eastern Standard Time. The Joint Position states that the requested change to the nomination deadline from 1:30 pm to 2:30 pm will neither impose an operational burden on the utility, increase rates to gas customers, nor increase revenues received from gas customers. The Joint Position further states that this change will not adversely affect system reliability.

The Joint Position does not address the other requested changes in the petition and as such, those changes will not be implemented at this time. The parties to the Joint Position further agree that neither this settlement nor the Board's approval of same, impacts the proposed tariff changes pending in Docket No. GR05100845, and/or the rights of the undersigned parties to argue their respective positions in the pending base rate case.

On December 19, 2005, the Division of the Ratepayer Advocate filed a letter with the Board stating that it does not oppose the Joint Position and further stating that due to the pending gas base rate matter filed by PSE&G on September 30, 2005, BPU Docket No. GR05100845, which incorporated the issue of timing of gas nominations discussed in the Joint Position, the Ratepayer Advocate reserves its rights to argue its respective position regarding this issue within the rate case.


## DISCUSSION AND FINDING

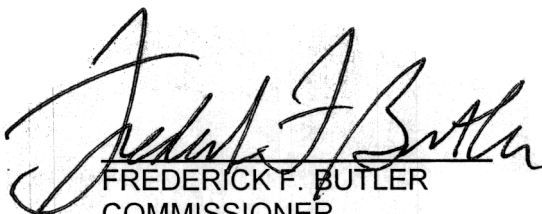
Having reviewed the Joint Position, the Board is satisfied and HEREBY FINDS that the Joint Position is fair, reasonable and is in the public interest. In this regard, the Board is assured by the representation by PSE&G that the stipulated change will not: (1) impose an operational burden on the utility; (2) increase rates to gas customers; (3) increase revenue received by the

Company from customers; or (4) impair reliability of service. Accordingly, the Board HEREBY ADOPTS the attached Joint Position as its own, incorporating by reference its terms and conditions as if fully set forth herein. The Board HEREBY FURTHER DIRECTS the Company to file revised tariff sheets reflecting the proposed change within ten (10) business days of the issuance of this order.

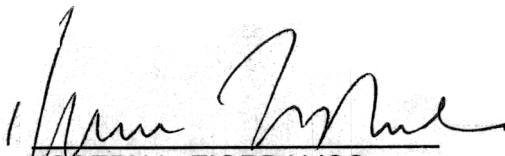
DATED 3/3/06

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

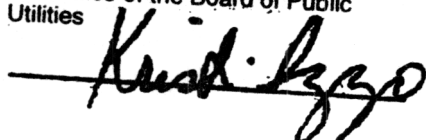
  
CONNIE O. HUGHES  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

ATTEST

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



Public Service Electric and Gas Company  
Hess Company Complaint  
BPU Docket No. GT04101099

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE )  
ELECTRIC AND GAS COMPANY'S )  
REQUEST FOR TARIFF CHANGES TO ITS )  
TARIFF FOR GAS SERVICE B.P.U.N.J. NO. 13 )  
GAS WHICH DO NOT PROPOSE INCREASES )  
IN CHARGES TO CUSTOMERS PURSUANT )  
TO N.J.A.C. 14:1-5.11. )

JOINT POSITION

DOCKET NO. GT04101099

On October 1, 2004, Public Service Electric and Gas Company (Public Service, the Company), filed a Petition in the above-referenced matter with the New Jersey Board of Public Utilities (Board or BPU), seeking approval of certain changes to its Third Party Supplier Requirements section of its Tariff for Gas Service, B.P.U.N.J. No. 13 GAS (Tariff).

The Company provided a copy of the filing to the Division of the Ratepayer Advocate (Ratepayer Advocate) and to each of the gas Third Party Suppliers (TPSs) certified to sell and actively operating within its gas service territory, as then listed on the Board's website.

One TPS, Amerada Hess Corporation (Hess), contacted the Company and expressed interest in the proposed Tariff changes. Thereafter, the Company, Board Staff, Hess, and the Ratepayer Advocate met and exchanged information concerning the



Petition. As a result of those meetings and additional discussions and negotiations, the undersigned parties HEREBY AGREE AS FOLLOWS:

1. Pursuant to the Company's gas tariff, First Revised Sheet No. 93, section 2.3 Nominations, a TPS is required to nominate to Public Service the total volume of gas that it intends to deliver to Public Service along with the names of the interstate pipelines and the contract numbers it intends to utilize for that delivery. Currently, the TPS must make that nomination by 1:30 p.m. Eastern Standard Time prior to the day gas is scheduled to flow. The nomination deadline shall be changed by one hour, from 1:30 p.m. to 2:30 p.m. Eastern Standard Time. This change will not impose an operational burden on the utility and is neither designed to nor will increase rates to gas customers, nor increase revenues received from gas customers. Nor will this change adversely affect system reliability. The purpose of the change is to provide TPSs with an additional hour to check the accuracy of their nominations and thus minimize errors. A copy of the proposed revised tariff page is included herewith as Attachment A.

2. None of the other tariff changes requested in the October 1, 2004 Petition in this docket shall be implemented at this time.

3. The undersigned recognize that Public Service has, on September 30, 2005, filed a gas base rate case in BPU Docket No. GR05100845, in which the Company has requested various tariff changes, including changes to its Third Party Supplier

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Requirements section of its Tariff for Gas Service, B.P.U.N.J. No. 13 GAS. Neither this Settlement, nor the Board's approval thereof, shall impact the proposed tariff changes pending in Docket No. GR05100845, and/or the rights of the undersigned parties to argue their respective positions in the pending base rate case.

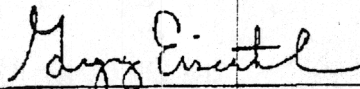
4. The undersigned agree that this Settlement contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved by the Board, this Settlement shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

5. The undersigned parties further hereby agree that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or

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specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

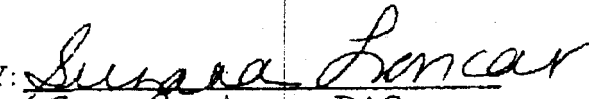
Public Service Electric and Gas Company

BY:   
Gregory EisenstarkDATED: 12-22-2005

Amerada Hess Corporation

BY:   
Alyssa D. WeinbergerDATED: 12/22/05

PETER HARVEY, ATTORNEY GENERAL  
OF THE STATE OF NEW JERSEY  
Attorney for Board Staff

BY:   
Suzana Lamon, DAGDATED: 1-5-06

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

First Revised Sheet No. 93

B.P.U.N.J. No. 13 GAS

Superseding

Original Sheet No. 93

## THIRD PARTY SUPPLIER REQUIREMENTS

(Continued)

- 2.3. **Nomination:** TPS will be required to nominate to Public Service by electronic or other means, as specified by Public Service by a date and time to be established by Public Service that will correspond with the monthly nomination dates of the interstate pipelines that serve Public Service, the total volume it intends to deliver to Public Service for subsequent delivery, along with the interstate pipelines it intends to utilize for this delivery and any additional information required by Public Service to fully identify such deliveries. TPS shall nominate to Public Service by 2:30 p.m. Eastern Standard Time prior to the day gas is scheduled to flow, any changes it anticipates in gas deliveries to Public Service among interstate pipelines. As it relates to the ADCQ only, delivery changes among interstate pipelines are the only changes Public Service will accept during the month. Public Service will not be obligated to accept gas which has not been nominated in accordance with this Section.

Public Service will accept deliveries of gas for customers on the interstate pipelines of Transco or Texas Eastern. However, due to delivery limitations, Public Service reserves the right to require a reasonable apportionment of deliveries between Transco and Texas Eastern.

By July 1 of each year, Public Service will provide TPS(s) notice of the allocation of receipt capacity by pipeline that it expects to have available for all deliveries by TPS(s) at its city gate interconnections, based on existing contractual commitments, for the twelve (12) month period beginning the following November 1. Each TPS(s) will be allocated the receipt capacity based on the total expected firm and interruptible load versus the amount of available receipt capacity.

TPS will be credited for deliveries to Public Service on each day in accordance with the final daily volume confirmations of the interstate pipelines designated by TPS pursuant to this Sub-section.

- 2.4. **Credit Requirements:** Public Service's acceptance of a request for service under these Third Party Supplier Requirements is contingent upon TPS satisfying a credit appraisal by Public Service. Public Service shall apply, on a non-discriminatory basis, consistent financial evaluation standards to determine the acceptability of TPS's overall financial condition. Public Service shall perform such evaluations no less frequently than once every twelve (12) months.

Upon notification by Public Service that a TPS has failed to satisfy the credit criteria or subsequently during the term of the service agreement no longer satisfies the credit criteria, such TPS may still obtain credit approval by Public Service if it pays any outstanding balances due Public Service for service rendered and elects to provide one of the following (collectively, "Security"): (1) an advance deposit; (2) a standby irrevocable letter of credit; (3) security interest in collateral found to be satisfactory to Public Service; or (4) a guarantee, acceptable to Public Service, by another person or entity which satisfies credit appraisal.

Date of Issue:

Issued by FRANCIS E. DELANY, Jr., Vice President and Corporate Rate Counsel  
80 Park Plaza, Newark, New Jersey 07102  
Filed pursuant to Order of Board of Public Utilities dated  
in Docket No. GT04101068

Effective:

Dkt # GT04107099

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